



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION
"Creating Community Through People, Parks and Programs"



May 31, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ESTABLISHMENT OF A SPECIAL FUND FOR PROCEEDS OF SALES AND
LEASES OF PARK LAND SUBJECT TO THE PUBLIC PARK PRESERVATION ACT
(ALL DISTRICTS – THREE VOTE MATTER)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the establishment of an interest bearing Park Improvement Special Fund for proceeds of sales and leases of park land subject to the Public Park Preservation Act of 1971 (PPPA) and authorize the transfer \$632,094 of revenue to the newly established Special Fund for the purpose of funding park improvements.

PURPOSE / JUSTIFICATION OF RECOMMENDATION

Approval of this action will allow the Department to establish a Park Improvement Special Fund and transfer current fiscal year revenue to restore proceeds from leases of parkland that are subject to the PPPA as described below.

Park Improvement Special Fund

The PPPA of 1971 (California Public Resources Code Section 5400, et seq.) allows the County to sell or lease up to 10 percent, but no more than one acre, of park land or facilities for non-park purposes provided that the funds received, if not used to acquire substitute park lands and facilities serving the same area, are used to improve the remainder of the parkland or facilities.

Under this provision of the PPPA, the County over the years has entered into various lease agreements and sold property. While the Department has appropriately restricted the use of sale proceeds, in prior fiscal years revenue generated from lease agreements approved under the PPPA was deposited to the Department's General Fund under the misunderstanding that routine park maintenance expenditures qualified as "improvements."

In the process of negotiating a new lease agreement, current Department management realized that the prior practice of depositing the revenue from such agreements into the General Fund was inappropriate. The recommended action will establish a special fund to segregate these revenues and will deposit into the fund an amount equivalent to the revenue received for three prior Fiscal Years (2001-02, 2002-03, and 2003-04) in the amount of \$632,094 as reflected in Attachment I.

The Department is depositing the revenues collected during the current fiscal year into a miscellaneous trust account pending the establishment of the Park Improvement Special Fund. Per the requirements of the PPPA, separate sub funds will be established for each affected facility to provide the appropriate accounting mechanisms to ensure that funds generated at each facility are spent at the facility for improvements to park amenities and land in accordance with the requirements of the PPPA. In order to ensure funds are spent in accordance with the PPPA in the future, all future proceeds from either the sale of land interests or from leases that are subject to the PPPA will be deposited in the Park Improvement Special Fund. In addition, proceeds from land sales that were subject to the PPPA and are currently held in trust accounts will be transferred to the Special Fund.

Implementation of Strategic Plan Goals

The proposed actions will support Strategic Plan Goals: 1. Service Excellence, 3. Organizational Effectiveness, 4. Fiscal Responsibility, 5. Children and Families Well-Being, 6. Community Services, and 7. Health and Mental Health, by correcting fiscal procedures, providing financial support to preserve and improve conditions of existing park facilities, thereby enhancing recreation programs and services to the public.

FISCAL IMPACT / FINANCING

The proposed actions will impact the County's General Fund as the proposed transaction will transfer revenue collected in the current fiscal year to the fund, but will not cause the Department to exceed its Net County Cost allocation in Fiscal Year 2004-05 because of other budgetary savings.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

The corrective actions of creating the interest bearing Park Improvement Special Fund to deposit revenue from lease agreements and sales of land interests will ensure that the appropriate accounting mechanisms are in place to comply with the PPPA.

Consistent with PPPA requirements, funds deposited into the Park Improvement Special Fund will be restricted to providing improvements to the affected facilities. Improvements are defined as acquisition of adjacent land, development of new facilities or improvements to existing facilities that 1) increase the usage, functionality or accessibility of the park facilities or 2) increase the life expectancy of the facility for at least five years. The improvement funds may not be used for 1) equipment, except for equipment that is integral to and affixed to the facilities (e.g. Heating, Ventilation and Air Conditioning (HVAC) systems); 2) staff time, unless the improvements are being constructed with force account labor in which case the labor associated with the improvements may be reimbursed from the fund; nor 3) routine maintenance, which is defined as an activity that is or should be performed on a regular basis of at least once every three years.

IMPACT ON CURRENT SERVICES

The recommended actions will enhance the Department's facilities and services to the public, and will improve the efficiency of fiscal operations by providing the authority to create the appropriate accounts for properly administering the revenue received for park improvements in accordance with the PPPA. In addition, the proposed actions will not affect any other ongoing operations or services to the public.

ENVIRONMENTAL DOCUMENTATION

The establishment of the special fund is not subject to the California Environmental Quality Act (CEQA) in that the action does not meet the definition of a project according to section 15378 (b)(5) of the state CEQA Guidelines because the action is an administrative activity of government that will not result in direct or indirect physical changes in the environment.

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CONCLUSION

Please instruct the Executive Office-Clerk of the Board to forward one conformed copy of the letter to the Auditor-Controller and Chief Administrative Office and forward three conformed copies of this letter and the attachments to the Department of Parks and Recreation for distribution.

Respectfully submitted,



Russ Guiney
Director

Attachments (1)

c: Chief Administrative Officer
County Counsel
Auditor-Controller

Department of Parks and Recreation Lease Agreement Revenues

<u>Facility</u>	<u>Agreement #</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>Total</u>
Arboretum - Verizon	68220	\$41,690	\$43,149	\$44,659	\$129,498
Arboretum - AT&T Wireless	70412	40,866	42,296	43,776	126,938
Arboretum - Nextel	73094	<u>44,566</u>	<u>46,126</u>	<u>48,014</u>	<u>138,706</u>
Subtotal		127,122	131,571	136,449	395,142
 Ford Amphitheater - AT&T Wireless	 65360	 18,333	 18,676	 17,515	 54,524
Ford Amphitheater - Pac-Tel	66679	<u>17,779</u>	<u>18,313</u>	<u>18,862</u>	<u>54,954</u>
Subtotal		36,112	36,989	36,377	109,478
 Owens Comm. Reg. Pk. - Cox Comm.	 71085	 16,970	 17,564	 18,179	 52,713
Watkins Memorial Park - Cox Comm.	71084	16,970	17,564	18,179	52,713
El Cariso - Head Start	010143	\$3,500	\$3,500	\$3,500	\$10,500
Roosevelt - Head Start	010144	<u>3,849</u>	<u>3,849</u>	<u>3,849</u>	<u>11,548</u>
Grand Total		\$204,524	\$211,037	\$216,533	\$632,094